



Exploding Federal Sales Myths: Thinking Outside the Box of Conventional Sales Management

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For almost 25 years, while directing federal sales for an assortment of large and small technology companies, I adhered to the industry's conventional and nearly universally accepted approaches to federal sales.

My success in building technology companies into enormous successes seemed to validate this conventional approach. I hired a lot of sales reps. I engaged a lot of consultants. Sales continually climbed and at one point I managed a federal sales division generating over \$140 million in license revenue.

Seemingly, I should have been content and complacent. However, several years ago I noticed some fundamental changes in the federal marketplace that have introduced some wrenching and apparently permanent changes to the federal sales sector. These shifts have revealed myths of federal sales that were previously considered inviolate, but can now be disregarded only at your own risk.

Sales Myth: If you want more sales, hire more sales reps.

The first reaction from most companies who desire greater federal sales revenue is to hire an additional sales rep or two. I often relied upon this strategy myself - sometimes with success - when I knew personally the best sales reps in the area and could offer corporate status, lucrative compensation packages and demonstrated potential for rapid growth.

However, with more than 20,000 companies registered to sell to the federal government, new technology companies now have to compete fiercely for a severely limited talent pool. The "A" players are almost impossible to attract. They're already making several hundred thousand dollars a year, quite possibly have stock options and have a level of security and stability that a smaller company cannot match.

So, you turn your attention to the "B" and "C" players. How do you tell the difference between them? Frankly, every sales hire is a gamble. Someone who exceeded quota every quarter while selling to the Department of Energy may flounder when attempting to sell to other civilian agencies. There simply are no guarantees. The bottom line is that you are hiring their network of contacts with the hope that these contacts can be leveraged to introduce, influence and promote your technology.

The network that single sales rep brings to your company is by its nature limited. One person can have only so many close, personal contacts in the government. And if those contacts move, retire



or aren't in senior enough positions to influence decisions regarding the procurement of your technology, your investment in that sales rep is not likely to pay huge dividends.

In federal sales, the network of contacts with key decision makers and technology influencers matters more than any individual's sales skills or technical knowledge. Hire the network and sales will follow.

New Reality: The network, not the sales rep, is more crucial to long term sales success.

Sales Myth: Hiring a sales rep will cost less than a consultant.

The best consultants aren't inexpensive. However, neither are the best sales reps. The determination you must make is which addition can contribute the most to your top line growth and long-term success?

From my experience hiring sales talent in the greater DC area, I have a pretty good idea how much a solid, though not stellar, sales rep costs.

Starting with an average base salary of \$120,000 (typical for the DC area for "B" or "C" reps) and adding in recruiting costs, draw, benefits and overhead, the average fully burdened federal sales rep usually costs more than \$200,000 annually. In comparison, GSF's monthly retainer of \$15,000 per month delivers exceptional value.

New Reality: Engaging GSF's team of researchers, network of contacts and sales experience can cost less than hiring a single sales rep.

Sales Myth: Consultants are just like lobbyists – they'll set up meetings and disappear.

It is a lobbyist's job to provide introductions and arrange meetings. It is not their job to generate sales. They are not trained in sales or sales management and do not have extensive technical backgrounds or experience with the complex federal procurement process.

GSF approaches client engagements from an entirely different perspective. Every one of our executives is an experienced, successful sales manager. Our least experienced VP has over 15 years of experience selling to the federal government. We've devoted our careers to federal sales and measure our success in the revenues we generate for our clients.

It's true that, like lobbyists, we make introductions to key decision makers in the federal government. But our similarities to lobbying firms end there. We work with our clients to develop detailed research, sales, marketing and procurement plans with the goals of solving technical problems and generating significant revenue.

New Reality: GSF's networking and relentless sales focus deliver results.

Sales Myth: I already have a federal sales force. Adding a consultant would just add extra overhead.

Every one of my clients works with tight budgets. They need to keep overhead at a minimum while maintaining a sales force that can deliver significant results.



Although it's true that GSF adds to our client's overhead, I believe that we deliver a combination of experience and value that far exceeds our cost or the comparative cost of adding another sales rep. And we've developed successful techniques to coordinate our sales activities with our client's own sales force. We keep our clients focused and busy, locating new projects to pursue and tracking weekly the progress on every sales call, meeting and opportunity.

	Government Sales Force	Sales Rep
Experience	Over 100 combined years' experience (averaging over 20 years per VP) devoted exclusively to generating federal sales	Likely 3-20 years spent in one federal agency or sector.
Success	Historical success generating sales in the hundreds of millions of dollars. Recent success (12 months) producing over \$35 million in federal sales.	The average successful sales rep generates between \$1 and \$1.5MM in annual sales.
Network	Personal, long-term relationships with the senior decision makers in virtually every civilian, DoD and Intelligence agency in the federal government.	The best single rep may have an extensive network of contacts in one federal sector.
Positioning	GSF is positioned as a trusted advisor to our government contacts. We provide guidance and consulting on assorted technologies and bundled solutions.	Those sales reps who can gain access to the most senior decision makers are viewed with skepticism as vendors and are tasked to promote only their proprietary solution.
Business Development	Time and attention focused on long term, enterprise deals that can generate millions in revenue.	Quarterly quotas define short term priorities to generate sales, not focus on long term opportunities.
Relationship Development	Navigating the procurement maze is complex and time consuming. The most effective procurement methods frequently involve task changes to existing contracts. These require close, personal relationships with the major area systems integrators.	Developing and maintaining relationships with multiple systems integrators requires time taken away from direct sales efforts.

New Reality: Coordinating sales efforts with GSF allows you to leverage our range of experience and maximize your sales rep's effectiveness.

Sales Myth: My VP of Sales can direct his sales reps to find and close federal sales.

The right VP of Sales can absolutely generate significant sales from the federal sector. As long as your VP has wide-ranging experience selling to the federal sector, has an extensive network of senior contacts across a range of federal agencies, understands how to navigate the procurement maze and has close relationships with the area's systems integrators.



However, most of our clients have a VP of Sales whose career was developed in the commercial sector. They simply don't understand the complexities and nuances of federal sales and need assistance deciphering the arcane federal sales processes.

Our desire is to supplement your current sales organization. We'll assist in developing a federal sales strategy, develop tactical sales plans to execute, locate appropriate sales opportunities, coordinate meetings and manage the sales process with your sales staff. The addition of our experience and understanding of the federal sales process amplifies the overall effectiveness of your sales force.

New Reality: No sales executive can be expected to succeed in the federal sector without extensive experience in federal sales, business development and procurement.

Sales Myth: We've got a great database of federal contacts; we know how to reach all the decision makers.

I frequently tell prospective clients that I'd be happy to provide them with the names, numbers and e-mail addresses of the key decision makers they'll need to speak with to influence an upcoming project. Why would I divulge this precious information? Because I know that it's not the name or number that matters. Without the personal relationship behind the contact, the contact's name is virtually worthless to any prospect.

Several months ago, I worked with a prospect who questioned the value of hiring GSF to coordinate their federal sales efforts. They assured me that they had in their possession a listing of all the software installations they were targeting. In addition, they had conducted research and identified the CIO's and CTO's of each agency that used this particular software. With this information, they were ready to launch their sales assault.

So why were they speaking with me? Because they could not get a meeting with any of their targeted executives. They knew who the key decision makers were and where they worked, but they could not get face-to-face with any of them. With a series of brief phone calls in one afternoon, we were able to schedule a series of meetings that the client had labored months to secure.

New Reality: Trusted personal relationships matter more now than ever and will always trump brute sales efforts.

Mr. Hogan founded GSF with 25 years of highly visible and successful experience in Government contracting. He was personally responsible for building successful Federal Government Divisions for notable companies including *Oracle* and *BEA Systems*.

As VP and General Manager of *BEA Government Systems*, Mr. Hogan drove revenue from less than \$2 million to over \$140 million in less than 3 years. Prior to *BEA*, he was VP of World Wide Government Sales for one of the largest Internet streaming media firms as well as VP of Worldwide Sales and General Manager of one of the nation's largest electronic records management companies, responsible for selling to governments around the world.

A recognized expert mainstreaming commercial technology into the government marketplace, he is a frequent speaker on the subject and has guest lectured at Harvard Business School on selling to the Department of Homeland Security. Additionally, he is a distinguished member of the *Congressional Blue Ribbon Task Force on Aviation Security*.